

**IN THE INCOME TAX APPELLATE TRIBUNAL  
“A” BENCH : BANGALORE**

**BEFORE SHRI PRASHANT MAHARISHI, VICE PRESIDENT  
AND SHRI SOUNDARARAJAN K, JUDICIAL MEMBER**

**ITA No.1342/Bang/2025  
Assessment Year :2013-14**

M/s. Azad Ispat India Pvt. Ltd., No.1, 2 <sup>nd</sup> Cross, N R Road Slaughter House Road Bengaluru – 560 002. <b>PAN : AAGCA 9896 D</b>	Vs.	ITO, Ward – 1(1)(1), Bengaluru.
<b>APPELLANT</b>		<b>RESPONDENT</b>

Appellant by	:	Shri. Venkatesh Kumar, Advocate
Respondent by	:	Shri. K. Saravanan, Addl.CIT(DR)(ITAT), Bangalore.

Date of hearing	:	29.01.2026
Date of Pronouncement	:	26.02.2026

**ORDER**

***Per Prashant Maharishi, Vice President :***

1. ITA No.1342/Bangalore/2025 is filed by Azad Ispat India Pvt. Ltd., (the assessee/appellant) against the order passed by the National faceless appeal Centre, Delhi [the learned CIT(A)], on 11.02.2025 wherein the appeal filed by the assessee against the reassessment order passed under section 147 of the Income Tax Act, 1961 (the Act) by the Assessment Unit, Income Tax Department on 18.05.2023 was dismissed. The learned CIT(A) dismissed the appeal of the assessee because assessee did not file any reply in response to 3 notices issued starting from 03.05.2024 to 29.07.2024 and consequently the appellate order was passed on 11.05.2025 dismissing the appeal of the assessee as no sufficient material was placed due to non-compliance before the learned CIT(A).

2. The appeal of the assessee is filed belatedly before us by 41 days which was filed on 10.06.2025 whereas the appellate order was received on 11.02.2025. Assessee filed an affidavit of the Director of the company stating that though the appeal was to be filed on or before 30.04.2025, the same was filed on 10.06.2025. The reasons were stated to be that assessee handed over all the papers to the legal consultant but unfortunately the legal consultant misplaced the papers and could not file the appeal. The assessee was under bonafide belief that appeal would have been filed. He came to know about this when the penalty proceedings were initiated. This has caused the nominal delay of 41 days which may be condoned.
3. The learned Authorized Representative (AR) Mr. Venkatesh Kumar, Advocate, vehemently reiterated the facts stated in the petition for condonation of delay.
4. The learned Departmental Representative (learned DR) Shri. K. Saravanan, Additional CIT, vehemently submitted that the delay is not for sufficient cause, hence it cannot be condoned.
5. We find that delay of 41 days is on account of belief of the assessee that the legal consultant to whom the papers were handed over would have filed the appeal. Such appeal was never filed and later when the issues of demand and penalty arose, the assessee immediately filed the appeal. We find that the delay in filing of the assessee is for sufficient cause and Bonafide, and hence, the same is condoned and appeal is admitted.
6. The brief fact of the case shows that assessee is a company who filed its return of income on 30.09.2013 at a loss of Rs.1,92,31,810/-. The

assessment took place which concluded on 16.03.2016 at an assessed loss of Rs.1,74,10,698/-.

7. The information was received that assessee has obtained accommodation entries from 3 companies amounting to Rs.3,56,00,000/-. It was found that a sum of Rs.1,31,00,000/- is from Viewmore Tradecom Pvt. Ltd., Rs.60,00,000/- was from Moonview Vincom Pvt. Ltd., and Rs.1,65,00,000/- from Funidea Vinimay Pvt. Ltd. The assessee was issued notice under section 148 of the Act against which no response was received. The notice under section 142(1) of the Act resulted into a request for adjournment and further show cause notice 11.04.2023 remained unreplyed. Therefore, the learned AR made an addition of the above sum under section 69 of the Act. The main reason for addition was that as per the information received from DDIT (Investigation), Kolkata, large amounts were credited in the name of one company whose name is struck off by the MCA. Further, the summons issued to that company were also not responded to. It was found that the funds were transferred from that company to further other companies who are either non-filer of the return or have disclosed meagre income. Most of these companies' names have been struck off by the MCA. The assessee is found to be beneficiary of the above 3 companies to the extent of Rs.3.56 Crores. The assessee has not at all discharged the onus and therefore the assessee failed to show identity, credit worthiness and genuineness of the above transaction and reassessment order was passed making the above addition.
8. Aggrieved, the assessee preferred an appeal before the learned CIT(A) who issued 3 notices in a span of 2 months i.e., from 03.05.2024 to 29.07.2024. The assessee did not reply to any of them and therefore, after 7 months on 11.02.2025, the Order was passed confirming the action of the AO and

holding that as assessee has filed to submit anything contrary to the order of the AO, the order of the learned AO deserves to be upheld.

9. Aggrieved with the same, assessee is in appeal before us. The learned AR submitted that it is an ex-parte order passed by the learned CIT(A) not discussing merits of the case which was stated in statement of facts. He further stated that the order of the learned AO is also ex-parte and therefore in view of the provisions of section 251 of the Act, the learned CIT(A) should have set aside the order back to the file of the AO. He did not submit anything on the merits of the case and requested for an opportunity of hearing before the learned AO.
10. The learned DR vehemently supported the orders of the learned lower authorities. It was submitted that assessee has failed to submit any response to the reopening notice as well as the assessment proceedings and appellate proceedings and no further opportunity deserves to be given.
11. We have carefully considered the rival contention and perused the orders of the lower authorities. Admittedly, the assessee was found to have received funds from the above 3 companies which were found to be non-existent as their names have been struck off, the information received by the DDIT (Investigation), Kolkata, also shows that money is received from Manikara Marketing Pvt. Ltd., which is also a defunct company in the name of these 3 companies. Further, the summons was not responded to and the case of the assessee was reopened. It was stated before us that assessee has furnished evidence on 02.05.2023 before the AO to substantiate the identity, credit worthiness and genuineness of the above companies. It is also the claim of the assessee that all these entities are income tax assesses, filing their regular return of income, invested in the share application of the assessee company through account payee cheques and are having substantial credit worthiness, the addition could not have been made under

section 69A of the Act. The assessee has further challenged the enquiry which was based on another company.

12. In view of the above facts, we restore the whole appeal back to the file of the learned AO with the direction to the assessee to substantiate the identity, credit worthiness and genuineness of all the companies who have deposited huge sum of Rs.3.56 Crores with the assessee company in share capital by producing the Directors of these 3 investor companies before the AO for examination to show that how these companies have invested in the assessee company such a huge amount, when their names and the names of the company from whom the funds were sourced are struck off. . The AO may further also examine, enquire and investigate the source of fund of these 3 companies. The AO thereafter may pass an order giving an opportunity of hearing to the assessee in accordance with the law. If the assessee fails to produce the Directors of these companies, the learned AO may reiterate the addition of Rs.3.56 Crores in the hands of the assessee under section 68 of the Act.

13. In the result, appeal filed by the assessee is allowed for statistical purposes.

*Pronounced in the open court on the date mentioned on the caption page.*

Sd/-  
**(SOUNDARARAJAN K)**  
**Judicial Member**

Sd/-  
**(PRASHANT MAHARISHI)**  
**Vice President**

Bangalore,  
Dated : 26.02.2026.  
/NS/\*

Copy to:

1. Appellants
2. Respondent
3. DRP
4. CIT
5. CIT(A)
6. DR, ITAT, Bangalore.
7. Guard file

By order

Assistant Registrar,  
ITAT, Bangalore.